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STANDARD INDUSTRIAL (Bolivia)  
La Paz  
9 October 1967

Re: MEXICO

STRICTLY CONFIDENTIAL (sic)

Dear Sirs:

We send you a reply to your letter of 14 August 1967.

Politely please allow us to give you a picture of the present status of the purchases of weapons and other war material through the Bolivian Defense Ministry and/or the General Staff of the Army, and of our attempts to receive contracts:

- 1) As you probably know, the Bolivian Army receives a continuous flow of supplies through the US Military Mission in this country (Army and Air Force Mission). These deliveries, which are limited to light materials, have been abbreviated in the past six months, were increased again with the begin of the guerrilla warfare in the Southeast. We do not know the exact figures.
- 2) Since 6 August 1966 we have a civilian government, of which the Air Force General Rene Barrientos is President, which however is under parliamentary control with a strong opposition party, which means that the government does not have the freedom of action which was enjoyed by the previous military government.
- 3) From conversations and visits with Colonel Cortes, the head of the Purchasing Department of the Defense Ministry, we are convinced that since August of last year, no contracts of significance have been made with any private firms for war materials.
- 4) Just recently, now that in all neighboring countries programs for "rearmament" have been undertaken, the General Staff has decided to acquire for the time being lighter war material, from private firms. For this reason, Colonel Cortes has now made a final "Cuadro" (evaluation of the situation) which sometime next week will be submitted as a recommendation. In this "Cuadro" our strongest competition seems to be the Swiss firm SBB, however, as far as we can judge, our offers are more advantageous. Decisions are to be made on the following:
  - a) 100 (3)
  - b) 100
  - c) 100 (1000)
- 5) The purchase of heavy material (tanks, guns and so on) has been postponed for the time being. American influence as well as finances have heavily influenced this.

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- 6) Colonel Cortez is completely on our side and will see that contracts are awarded to us as far as he is able. Our transactions with him, which have been in process now for a year, have shown us that both the Defense Ministry and the General Staff are very undecided on the matter of purchase of war materials. They will make the decision to purchase something, then begin to waver on it, and then suddenly make another decision. The fault for this lies not so much with the General Staff itself, as with the political situation as outlined above and the pressure of the Americans. According to official explanations, the government favors purchase of agricultural and other such machines, and to develop industry, rather than to purchase armament, a decision which is sound, but with view to the partisan activity and to the efforts being made in the weapons line by her neighbors, this policy should be revised, which will be difficult because of the financial situation.

- 7) Enclosed you will find the list of needed materiel as given to us by Colonel Cortez on 6 October. This materiel is urgently needed, along with that quoted in Point 4. We would be very grateful, if you would reply to this as soon as possible, in order that we may inform them of what we can offer.

As you know, Gentlemen, we have made every possible effort in order to insure success. However, the way things stand now, this type of transaction, and this by the way is true of every branch of the Bolivian economy, can only be realized with much patience and the necessary time. We ask for your understanding, and hope to be able to provide you with a contract before long.

Another point: experience has shown, that it is highly advantageous to have a complete offer on hand, in order to be able to move when the opportunity presents itself. Perhaps you would be kind enough, to once again send us a list of what you have on hand, including prices.

In a short time, we will also offer the technical equipment to which we have access.

We believe that we have presented you with a clear picture of the present situation.

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